From:	Stan Sokolowski <ssokolowski@cifc.com>
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CC:	
Date:	Thu, 10/8/2015 6:17:06 PM
Subject:	Daily Update

Quote of the Day

"Once you replace negative thoughts with positive ones, you'll start having positive results." Willie Nelson

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- Risk appears to be taking a bit of a rest from a 5%, trough to peak rally in the past five days. The price action has been volatile for three months now as participants adjust to updated growth realities and refreshed policy assessments. Markets generally remain in bit of a news vacuum as earnings season is just beginning (AA reports today at the close) and policy data will be sporadic over the coming weeks. Unless we get new surprises (positive or negative), it feels like we will trade in a range (the health warning in credit is that trading will also be subject to liquidity and technical constraints). The headlines this morning are weaker data out of Japan and Germany. In other news, Dell is looking at EMC ($50bn EV), Credit Suisse is preparing for a substantial capital raise, Deutsche Bank is taking a $7bn charge and Hillary plans to unveil a Wall Street regulatory plan today (phewwwwwwwwwwww, the markets need another one….). Futures: -5. 10 year: 2.07%

S&P Futures

- Data: Claims at 263k (vs. 274k exp). Japanese machine orders fell 5.7% (vs. +2.3% exp). German Industrial Production fell 1.2% (vs. +0.2% exp). German Exports fell 5.2% (vs. -0.9% exp)

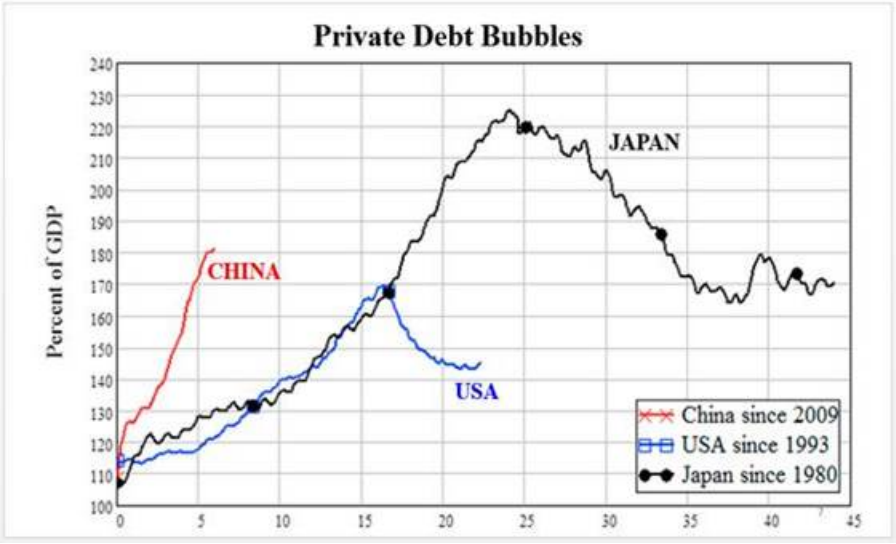
- Credit: Loans are quiet but the drillers are getting drilled as one of Ocean Rigs customers has "asked" to negate a contract. Traders smell blood. Overall, credit is experiencing a high beta rally as a number of beat up names chase the oil and S&P rally. Liquidity remains a challenge as you are either trapped in or trapped out of most names. On the new issue front, a number of deals are struggling. Also notable, break prices for recent transactions have been opening atop reoffer. We have not seen this type of price action in years. Do not be shy on new issue. We should be asking for any and everything. The technical environment in loans will only shift when CLOs come back on line (or retail/SMA inflows pick up materially). Another fly in the technical ointment is the calendar. It is growing. We heard from on large sell-side firm yesterday that they have $30bn of deals alone coming in the next few months…. High yield had its best day of the year as mutual fund inflows were put to work. OWICs abound in hy market.

5-Day Gainers (Facilities >= $300mm)

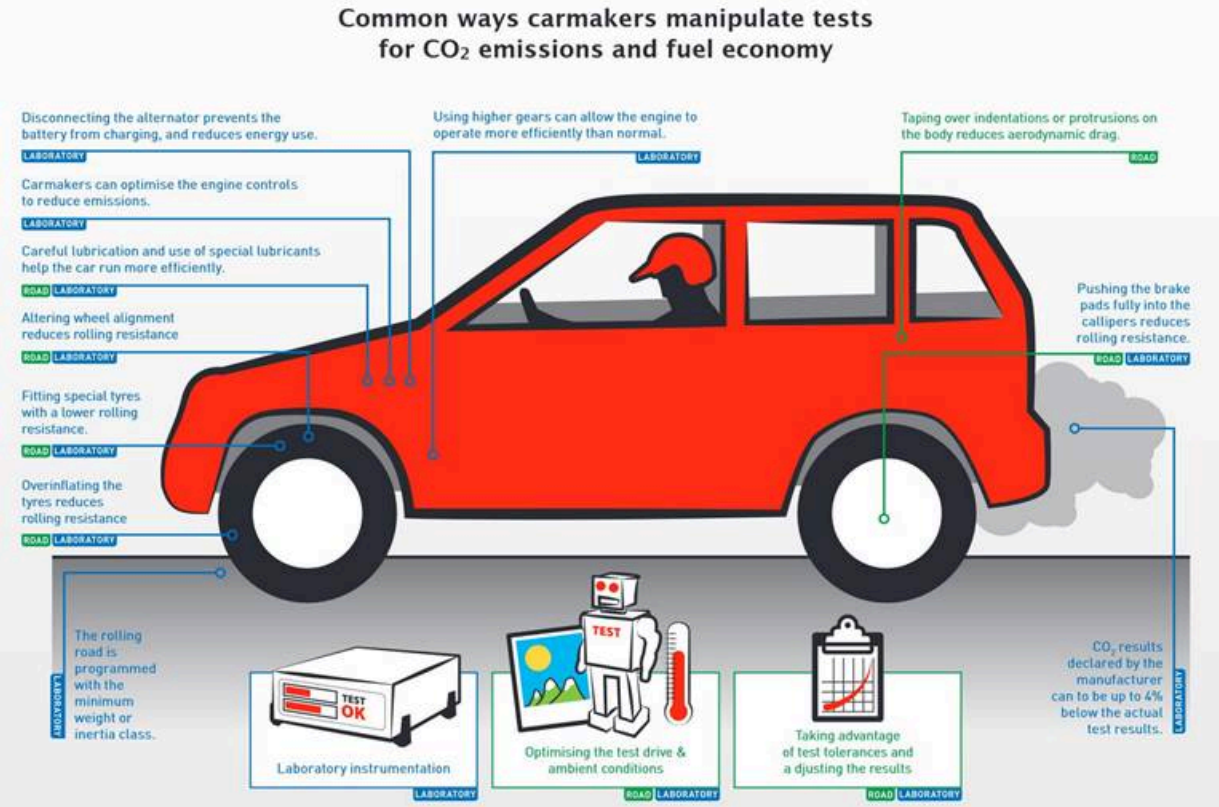
Issuer	Facility	Spread	Maturity	10/7 Price	Price Move
Fieldwood Energy	TLd	L+713	09/30/2020	33.500	6.000
Bowie Resources	TLb	L+575	08/07/2020	96.250	4.125
Millennium Laboratories	TLb	L+425	04/15/2021	34.500	4.125
Tronox Worldwide	TLb	L+300	03/19/2020	89.875	2.625
RMG Resources	TLb	L+275	06/30/2019	83.750	2.125
Affinion Group	TLd	L+700	10/31/2018	91.375	2.000
Fieldwood Energy	TLb	L+288	09/25/2018	86.375	1.875
Laureate Education	TLb	L+375	09/16/2018	83.750	1.750
RedPrairie	TLb	L+500	12/21/2018	90.375	1.625
Weight Watchers	TLb	L+325	04/02/2020	56.000	1.625
Expro Oilfield Services	TLb	L+475	08/12/2021	82.375	1.500
Dex Media West	TLa	L+500	12/30/2016	59.625	1.375
Huntsman International	TLb	L+300	10/01/2021	97.875	1.375
Sun Products	TLb	L+425	03/21/2020	95.250	1.375

- Charts of the Day:

Relief rally or turn?



- Other:
    - IMF warns emerging market companies have overborrowed $3 trillion http://www.reuters.com/article/2015/10/07/imf-g20-emergingmarkets-idUSL1N1261YM20151007
    - El-Erian http://www.bloombergview.com/articles/2015-10-08/six-rules-for-navigating-volatile-markets
    - Barney's back http://www.politico.com/story/2015/10/hillary-clinton-barney-frank-wall-street-dodd-214532
    - Everyone is doing it…


Common ways carmakers manipulate tests for CO_2 emissions and fuel economy
Disconnecting the alternator prevents the battery from charging, and reduces energy use.
LABORATORY
Carmakers can optimise the engine controls to reduce emissions.
LABORATORY
Careful lubrication and use of special lubricants help the car run more efficiently.
ROAD LABORATORY
Altering wheel alignment reduces rolling resistance
ROAD LABORATORY
Fitting special tyres with a lower rolling resistance.
ROAD LABORATORY
Overinflating the tyres reduces rolling resistance
ROAD LABORATORY
Using higher gears can allow the engine to operate more efficiently than normal.
LABORATORY
Taping over indentations or protrusions on the body reduces aerodynamic drag.
ROAD
Pushing the brake pads fully into the callipers reduces rolling resistance.
ROAD LABORATORY
The rolling road is programmed with the minimum weight or inertia class.
LABORATORY
TEST OK
Laboratory instrumentation
LABORATORY
TEST
Optimising the test drive & ambient conditions
ROAD LABORATORY
Taking advantage of test tolerances and a djusting the results
ROAD LABORATORY
CO_2 results declared by the manufacturer can to be up to 4% below the actual test results.
LABORATORY

- HY: 101 7/8 (+1/16)
- IG: 84 ¾ (+1 3/16)
- CSLLI: -0.15% mtd / 1.46% ytd

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